

## Small Business Administration

## § 109.320

ILP program in accordance with this section and the NOFA. SBA reserves the right, in its discretion, to loan less than all available funds.

(b) *Number of ILP Intermediaries.* SBA will make loans to not more than 20 of the selected ILP Intermediaries in each of the fiscal years for which funding is available.

(c) *Eligibility and completeness.* SBA will not consider any application that is not complete or that is submitted by an applicant that does not meet the eligibility and participation criteria established by SBA. SBA, at its sole discretion, may request from an applicant additional information, including information concerning participation criteria or the application, in order to allow SBA to consider that applicant's application. Failure to provide such additional information may be considered grounds to reject the application.

(d) *Evaluation criteria.* Eligible and complete applications will be evaluated and scored based on the criteria established by SBA, as set forth in the NOFA. In general, eligible applications with the highest scores will be granted ILP Intermediary status, up to the maximum number allowed by statute. SBA reserves the right to select ILP Intermediaries in such a way as to ensure geographic diversity of areas served by ILP Intermediaries.

### § 109.220 Loan limits—loans to ILP Intermediaries.

No ILP Intermediary (including Affiliates) may receive more than \$1,000,000 in ILP Loans.

## Subpart C—ILP Program Requirements

### § 109.300 General.

An ILP Intermediary must maintain compliance with all ILP Program Requirements until the ILP Intermediary has repaid its ILP Loan to SBA. With respect to its activities in the ILP program, the ILP Intermediary is subject to the requirements of §§120.140 (What ethical requirements apply to participants?), 120.197 (Notifying SBA's Office of Inspector General of suspected fraud), 120.412 (Other services Lenders may provide Borrowers), and 120.413 (Advertisement of relationship with

SBA) of this chapter, in addition to the regulations specifically set forth in this Part. The ILP Intermediary and any contractor(s) it may have are independent contractors that are responsible for their own actions with respect to small business loans made under this program. SBA has no responsibility or liability for any claim by an Eligible Small Business Concern or other party for any injury as a result of any wrongful action taken by the ILP Intermediary or an employee, agent or contractor of an ILP Intermediary.

### § 109.310 Terms of loans to ILP Intermediaries.

(a) *Disbursement.* An ILP Intermediary must be in compliance with ILP Program Requirements in order to draw down its ILP Loan funds. SBA may place restrictions on disbursement, including the amount disbursed to an ILP Intermediary at one time or conditions on subsequent disbursements.

(b) *Term.* An ILP Loan must be repaid within 20 years from the date of the ILP Note.

(c) *Interest rate.* The interest rate for an ILP Loan to an ILP Intermediary is fixed at one percent per annum.

(d) *Repayment.* Payments of principal and interest must be made on a quarterly basis, except SBA will defer the first payment on an ILP Loan for two years from the date of the first disbursement. Interest will accrue on all disbursed funds during the deferment period. Accrued interest will be added to the outstanding principal balance at the end of the deferment period and amortized over the remaining life of the loan. An ILP Intermediary may prepay an ILP Loan at any time without penalty.

(e) *Collateral.* SBA does not require the ILP Intermediary to provide any collateral for an ILP Loan.

(f) *Fees.* SBA does not charge an ILP Intermediary any fees for an ILP Loan.

### § 109.320 ILP Loan purposes.

(a) ILP Loan funds must only be used to provide direct loans to Eligible Small Business Concerns for working capital, real estate, or the acquisition of materials, supplies, furniture, fixtures, or equipment.